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*82-4279/2***THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

National Intelligence CouncilDDI 879-82
2 February 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council

FROM: Charles E. Waterman
National Intelligence Officer for NESAs

SUBJECT: Libyan Task Force Meeting, 1 February

1. The Libyan Task Force met on 1 February in order to consider a paper revalidating steps previously decided upon by the NSC in early December. The meeting was chaired by Bud Macfarlane, and is preparatory for a NSC meeting on Libya now scheduled for Friday, 5 February. The paper makes the case for:

- a. The implementation, without further Libyan provocation, of a ban on imports of Libyan petroleum, and either concurrently or later a full or partial export ban.
- b. The approval of a list of military options drawn up by the JCS, which would be implemented only after a clear Libyan provocation.

2. The Treasury representative (Assistant Secretary Marc Leland) opposed the automatic imposition of either form of economic sanctions on the following grounds:

- a. Treasury had not understood from previous deliberations that they would be imposed without further provocation.
- b. All estimates on their impact agreed they would have little real impact on Libya.

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- c. There are enormous legal complications, whether one is talking about the Trade Expansion Act (TEA) or the International Emergency Economic Powers Act (IEEPA). The TEA can only be utilized if a case can be made that continued reliance on products of a particular foreign country endangers national security. This would be difficult in the Libyan case. The IEEPA requires a distinct emergency to be declared, and Leland speculated that the current situation may well not legally justify it. The Department of Commerce representative seconded Leland's views.

3. These views were taken into account, but challenged by Macfarlane, State Policy Planning Chief Wolfowitz, and State Political Military Chief Burt. It was agreed to investigate the legal question prior to production of draft paper to be circulated for critique Tuesday night and produced in final for the NSC meeting by Thursday morning, 4 February. The paper will be drawn up within State S/P, and hence will presumably be consistent with the basic draft.

4. I represented the DCI's views as follows, per our discussions on this subject:

- a. While there was a degree of ambiguity regarding whether economic sanctions would proceed without further provocation, CIA does not feel strongly on this point. However, the Intelligence Community's perspective that the sanctions foreseen would not have a serious impact should be clearly understood by the Task Force.
- b. For these sanctions to make sense, they cannot be viewed as the final action on Libya, because of their predictable lack of impact. The DCI felt that future actions of a more serious nature should be considered, assuming continued Libyan pursuit of terrorism and destabilizing activity.

5. State S/P Chief Wolfowitz will integrate this view into the upcoming paper, and personally feels our basic goal must be to destabilize the regime. Treasury Assistant Secretary Leland requested a fuller outline of Libyan terrorist activity, which can be discussed with their legal element to decide if sanctions can be justified. I am in contact with Treasury Intelligence Advisor Foster Collins on this subject.

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6. The basic political lineup of those at the meetings on the Libyan issue was as follows: Macfarlane, State S/P (Wolfowitz), State P/M (Burt), wish to impose the economic sanctions without further provocation, and presumably integrate this into a further program of destabilization. Treasury (Leland), Commerce (Brady), State/NEA (Constable), were against automatic implementation, although the latter did not voice this view in deference to State unanimity. The JCS (Gorman), ISA, Vice President's Office (Dike) said nothing. DoD (Ikle) seemed to support selective export controls, but was not totally clear on this point.



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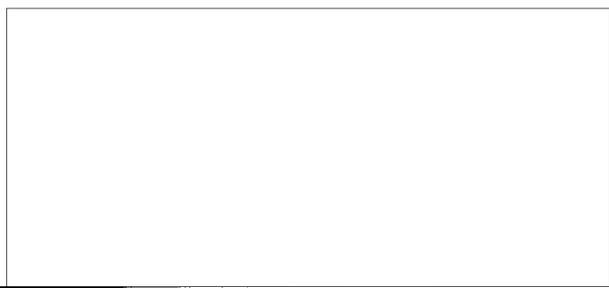
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Report on 1 Feb Libyan Task Force meeting. Treasury wasn't sure of the legality of an export ban without further Libyan provocations; DCI's position stated (sanctions foreseen no serious impact and need for future actions against Libya of a more serious nature if Libya continues its terrorist and destabilizing activities).

On 4 Feb the NSC on Libya will discuss these issues.



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